

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)	
APPLICATION OF THE FUEL)	
ADJUSTMENT CLAUSE OF AMERICAN)	CASE NO.
ELECTRIC POWER COMPANY FROM)	2006-00262
NOVEMBER 1, 2005 THROUGH APRIL)	
30, 2006)	

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on July 6, 2006, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of American Electric Power Company ("AEP") for the six months ended April 30, 2006.

As part of this review, AEP, pursuant to Commission Order, submitted certain information concerning its compliance with Administrative Regulation 807 KAR 5:056.

A public hearing was held on September 19, 2006. At the hearing, AEP provided proof of publication of the notice for the hearing for 16 of the 18 publications in which AEP intended to provide notice. Two of the publications failed to publish the notification. On its own motion, the Commission continued the hearing to allow AEP sufficient time to provide proper notice. Cross-examination of AEP's witnesses was permitted with AEP's agreement that it would submit itself to further examination at a later date after proper notice was completed. On October 19, 2006, a second hearing was held to allow the opportunity for public comment and if necessary, to present AEP's witness for further questioning.

The Commission has previously established AEP's base fuel cost at 16.51 mills per kWh.¹ A review of AEP's monthly fuel clause filings shows that the actual fuel cost incurred for the 6-month period under review ranged from a low of 19.32 mills in January 2006 to a high of 23.18 mills in April 2006, with a 6-month average of 20.80 mills.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds no evidence of improper calculation or application of AEP's FAC charges or improper fuel procurement practices.

IT IS THEREFORE ORDERED that the charges and credits billed by AEP through its FAC for the period November 1, 2005 to April 30, 2006 are approved.

Done at Frankfort, Kentucky, this 8th day of November, 2006.

By the Commission

ATTEST:



Executive Director

¹ Case No. 2004-00463, An Examination by the Public Service Commission of the Application of the Fuel Adjustment Clause of American Electric Power Company from November 1, 2002 to October 31, 2004, Order dated June 23, 2005.